

Message Text

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ORIGIN EB-11

INFO OCT-01 ARA-16 EUR-25 EA-11 IO-14 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-03 H-03 INR-11 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-03 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 OMB-01 SWF-02 /221 R

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R 092000Z AUG 74

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

INFO USMISSION OECD PARIS

AMEMBASSY MANILA

AMEMBASSY KINGSTON

USMISSION GENEVA

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ETRD, EAGR, EC

SUBJECT: EC-ACP SUGAR NEGOTIATIONS

1. WE UNDERSTAND THAT AGREEMENT WAS REACHED IN KINGSTON TO DEAL WITH PROBLEM OF SUGAR OUTSIDE THE SCHEME FOR EXPORT EARNINGS STABILIZATION, AND THAT EC COMMISSION WILL IMMEDIATELY BEGIN TALKS WITH THE RELEVANT ACP SUGAR PRODUCER COUNTRIES. IT IS ALSO OUR UNDERSTANDING THAT 1.4 MILLION TONS IS CURRENTLY COVERED BY THE COMMONWEALTH SUGAR AGREEMENT, BUT THAT BECAUSE THE INTERNAL COMMUNITY PRICE WILL SET A CEILING ON THE GUARANTEED PRICE OFFERED ACP COUNTRIES FOR THEIR EXPORTS TO THE COMMUNITY AND THIS INTERNAL PRICE IS EXPECTED TO BE BELOW THE WORLD MARKET PRICE, ACP PRODUCERS MAY NOT BE WILLING TO COMMIT EVEN 1.4 MILLION TONS TO THE EC.

2. US IS VERY MUCH INTERESTED IN DEVELOPMENT OF EC SUGAR POLICY AND WOULD LIKE TO DISCUSS INFORMALLY WITH THE EC THE SIGNIFICANT ASPECTS OF ITS POLICY AS INFORMATION BECOMES AVAILABLE. WE WOULD LIKE TO KNOW HOW MUCH SUGAR THE ACP COUNTRIES STATE THEY ARE WILLING TO COMMIT, WHAT PRICE IS TO BE PAID FOR THIS SUGAR, AND WHAT WILL DETERMINE THE PRICE. (OUR INFORMATION THUS FAR INDICATES THAT THE CURRENT EC PRICE IS ABOUT 140 POUNDS STERLING PER METRIC TON, WHILE WORLD PRICE IS ABOUT 180-200.) US SUGAR LEGISLATION WAS REJECTED BY THE HOUSE OF REPRESENTATIVES, BUT THE POSSIBILITY EXISTS THAT A SUGAR RIDER COULD BE ATTACHED IN THE SENATE TO THE TRADE BILL, ON WHICH MARKUP IS EXPECTED TO RESUME ON AUGUST 19, OR ON SOME OTHER BILL. THE EUROPEAN SUGAR PROGRAM INCLUDING ACP IMPORTS INTO THE EC MAY STIMULATE ACTION ON SUCH A SENATE RIDER.

3. CHEYSSON SAID DURING JULY 29 TALKS WITH US THAT ACP COUNTRIES WOULD BE GUARANTEED A CERTAIN PRICE FOR THEIR SUGAR IF THEY IN TURN AGREED TO CERTAIN SUPPLY REQUIREMENTS (SOMEWHAT ANALOGOUS TO PRESENT QUOTA SYSTEM UNDER US SUGAR ACT). PROPOSED GUARANTEED PRICE WOULD BE DETERMINED BY COUNCIL SOMETIME IN FALL WHEN COUNCIL DETERMINES PRICE TO BE PAID EC SUGAR PRODUCERS.

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4. WE WOULD APPRECIATE BEING KEPT APPRAISED OF DEVELOPMENTS IN THE EC PROPOSAL FOR SUGAR AND INFORMATION WHEN IT BECOMES AVAILABLE. COMMISSION WORKING PAPER ON PROPOSED STABILIZATION SCHEME FOR BASIC PRODUCTS FROM ACP COUNTRIES (JUNE 5, 1973 DOCUMENT SEC(73)2043, PAGE 9, FOOTNOTE 1,

PARA 51), STATES THAT SPECIAL MEMORANDUM IS BEING PREPARED FOR SUGAR. WAS SUCH A MEMORANDUM PREPARED? WE WOULD APPRECIATE MOST RECENT VERSIONS OF THESE MEMORANDA AS WELL AS SUMMARIES OR COPIES OF ANY PAPER ON SUGAR EITHER PREPARED FOR OR COMING OUT OF KINGSTON MEETING. FINALLY, WE NEED TO KNOW PROPOSED TIMETABLE FOR EC NEGOTIATION OF NEW ARRANGEMENT FOR SUGAR. KISSINGER

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